



# Washington State Community Economic Revitalization Board (CERB)

## Rural Broadband Program




## Community Economic Revitalization Board




# Who Is CERB?

Investing in  
Washington's Economic Future





**Community Economic Revitalization Board**



**Legislation**

**2018 Supplemental Capital Budget  
2018: Chapter 298:  
ESSB 6095, Section 1008**



**Community Economic Revitalization Board**



**Available Funding**

**\$10 Million  
through June 2019**





## Community Economic Revitalization Board



### Objective

To finance the cost of building broadband infrastructure to provide high-speed, open-access broadband service for **rural underserved communities**, for the purpose of community economic development.




## Community Economic Revitalization Board



### Unserved & Underserved

- An **unserved area**: an area that ***lacks access*** to broadband service that meet the FCC threshold of **25 megabits per second download and 3 megabits per second upload**.
- An **underserved area**: is an area that has broadband service at the FCC threshold but ***lacks access*** to broadband service at speeds of **100 megabits per second download and 20 megabits per second upload**.







## Community Economic Revitalization Board



# Rural

- **Rural Counties:** Those with a population density of fewer than 100 persons per square mile or a county smaller than 225 square miles, as determined by the Office of Financial Management ([RCW 43.160.020](#)).
- **Rural Communities:** Rural communities in urban counties as those that meet any one of the following standards:
  - Cities within an urban county that have a population of **19,999 or less**.
  - Federally recognized Indian Tribes.







## Community Economic Revitalization Board



# Purpose

**For projects that are located in a rural community as defined by the Board, or a rural county; that encourages, fosters, develops, and improves broadband within the state in order to:**

- Drive job creation, promote innovation, and expand markets for local businesses; or
- Serve the ongoing and growing needs of local education systems, health care system, public safety system, industries and businesses, governmental operations, and citizens; and
- Improve accessibility for underserved communities and populations.






## Community Economic Revitalization Board

### Eligible Jurisdictions

- Cities & Towns
- Counties
- Federally Recognized Tribes
- Municipal and Quasi-Municipal Corporations
- Port Districts
- Special Purpose Districts (e.g. PDAs, PUDs)






## Community Economic Revitalization Board

### Funding Limits

- \$1 million per project loan/grant award limit
- Grant: Up to 50% of total award, determined by the underwriting process and the Debt Service Coverage Ratio.
- Match: Up to 25% cash match (percent of total project cost), determined by the underwriting process and the Debt Service Coverage Ratio.

Example: \$1 million CERB + \$333,333 minimum match = \$1,333,333 Total Project Cost




# Community Economic Revitalization Board

## Loan/Grant Financing Criteria & Eligibility Model

| DSCR      | Rural County/<br>Community |       | Loan Years              |                              |                         |                              |                         |                              |
|-----------|----------------------------|-------|-------------------------|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
|           |                            |       | 1-10 Years              |                              | 11-15 Years             |                              | 16-20 Years             |                              |
|           |                            |       | Distressed<br>County*** | Non-<br>Distressed<br>County | Distressed<br>County*** | Non-<br>Distressed<br>County | Distressed<br>County*** | Non-<br>Distressed<br>County |
| 1.0-1.25  | 0%                         | 50%** | 1.00%                   | 1.50%                        | 1.25%                   | 1.75%                        | 1.50%                   | 2.00%                        |
| 1.26-1.49 | 12.5%*                     | 25%** | 1.50%                   | 2.00%                        | 1.75%                   | 2.25%                        | 2.00%                   | 2.50%                        |
| 1.50+     | 25%*                       | 0%    | 2.00%                   | 2.50%                        | 2.25%                   | 2.75%                        | 2.50%                   | 3.00%                        |

\* Percentage of the **total** project cost.  
 \*\* Percentage is of the CERB request.  
 Criteria that staff uses to determine grant eligibility and interest rate:

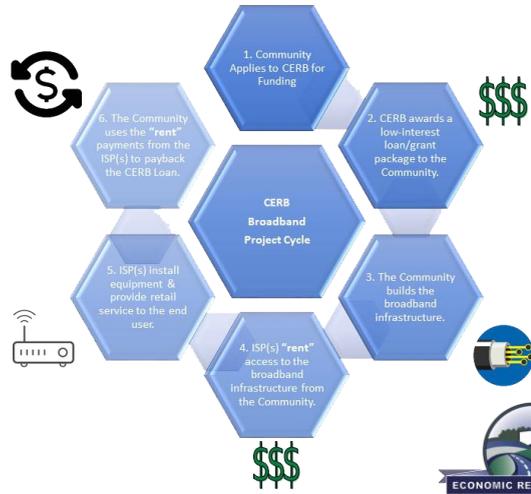
- Debt Service Coverage Ratio (DSCR)
- Rural Counties/Communities
- Length of Loan Term
- Annual Capital Plan

\*\*\*Distressed counties are designated by the Washington State Employment Security Department. These counties are those where the three-year unemployment rate is at least 20 percent higher than the statewide average.



# Community Economic Revitalization Board

## How can a Community payback CERB for Broadband Construction?



The diagram illustrates the CERB Broadband Project Cycle through six sequential steps:

1. Community Applies to CERB for Funding
2. CERB awards a low-interest loan/grant package to the Community.
3. The Community builds the broadband infrastructure.
4. ISP(s) "rent" access to the broadband infrastructure from the Community.
5. ISP(s) install equipment & provide retail service to the end user.
6. The Community uses the "rent" payments from the ISP(s) to payback the CERB Loan.





## Community Economic Revitalization Board



### Project Prioritization

- The project's value to the community, including evidence of support from affected local businesses and government;
- The project's feasibility, using standard economic principles;
- Commitment of local matching resources and local participation;
- The project's inclusion in a local plan; and
- The project's readiness to proceed.




## Community Economic Revitalization Board



### Eligible Infrastructure & Minimum Speeds

"Dark Infrastructure" – Not technology to provide service

Including, but not limited to for the purpose of broadband infrastructure:

|                                   |                 |
|-----------------------------------|-----------------|
| • Cable Modem                     | 100Mbps/20Mbps  |
| • Fiber                           | 1Gbps/1Gbps     |
| • Wireless (fixed wireless, wifi) | 50Mbps/10Mbps   |
| • 4G Mobile Wireless              | 25Mbps/5Mbps    |
| • Broadband over Powerlines (BPL) | 100Mbps/100Mbps |
| • Microwave                       | 100Mbps/20Mbps  |





## Community Economic Revitalization Board



### Not Eligible

CERB may not finance projects which:

- Result in retail development
- Facilitate gambling
- Displace jobs from one part of the state to another
- ***Are outside the applicant's jurisdiction***
- Are for equipment or facilities which would enable a public entity to provide retail telecommunications services or services that the entity is not authorized by statute to provide.
- Are for the deployment of publicly-owned telecommunication network infrastructure ("backbone") solely for the sake of creating competitive, publicly-owned telecommunication network infrastructure.

*CERB does not contract with private business, only the local government applying for funds.*




## Community Economic Revitalization Board



### Readiness Self Assessment

- Complete CERB's self-assessment to understand your municipality's readiness to undertake a broadband project.
- Readiness gaps can addressed with a clear action plan.
- The more ready you are the more successful your project will be.





**Community Economic Revitalization Board**



### Broadband Provider Contact Letter

- To inquire if there are any plans to upgrade broadband service in the project area, the meet or exceed the programs broadband speed goals.
- To inquire if they would be interested in partnering with your project.




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### Committed Internet Service Provider

To apply for constructions funds, an applicant must have a committed Internet Service Provider (ISP).

CERB requires a signed **Contingency Agreement(s)** between the applicant and **each** ISP named in the application.





## Community Economic Revitalization Board



### Project is Shovel Ready

This program is for projects that have been planning for future broadband construction.

That have:

- A committed ISP.
- Partnership agreements.
- A Technical Plan.
- A Business Plan.





## Community Economic Revitalization Board



### Prior to Applying to CERB

- Broadband Planning has been done.
- Evidence that a public meeting was held by governing body to approve the submittal of the application.
- Resolution authorizing the application.
- Contingency Agreement with ISP.
- Readiness Self-Assessment has been completed.
- Broadband Provider Contact Letters sent out.
- Revenue Plan for Broadband Service.
- Project Management Plan.
- Evidence of local support.





## Community Economic Revitalization Board



### How CERB works

- Staff provides Technical Assistance (TA) to communities for project development. 
- Applications are due 8 weeks prior to a meeting.
- Staff works with the client to vet the application and project.
- Board meets to review applications every two months.
- The applicant presents the proposal to the Board.
- The applicant will know at the meeting if their project is approved.





## Community Economic Revitalization Board



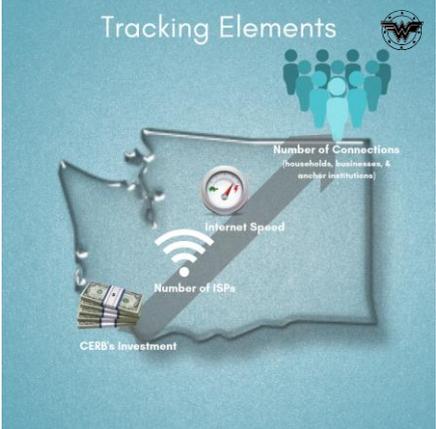
### Important DATES

| <u>Rural Broadband Construction Projects Application Deadline</u> | <u>All CERB Planning Projects Application Deadline</u> | <u>Board Meeting</u>  |
|---|--|--|
| <b>July 16, 2018</b>  | July 30, 2018  | September 20, 2018   |
| <b>September 17, 2018</b>   | September 24, 2018                                     | November 15, 2018  |
| <b>November 12, 2018</b>  | November 26, 2018                                      | January 17, 2019   |
| <b>January 14, 2019</b>   | January 28, 2019                                       | March 21, 2019   |
| <b>March 18, 2019</b>   | April 1, 2019  | May 16, 2019   |



## Community Economic Revitalization Board




## Community Economic Revitalization Board





### 2019 Session Requests

- \$20 Million for the Rural Broadband Program
- Proviso language to be codified in CERB's statute 43.160





Community Economic Revitalization Board



How many  did you see?




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**THANK YOU!**

**Janea Delk**

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